



State of Wisconsin


LEGISLATIVE REFERENCE BUREAU

RESEARCH APPENDIX - **PLEASE DO NOT REMOVE FROM DRAFTING FILE**

Date Transfer Requested: 12/18/2006 (Per: ARG)





Appendix A

 The 2007 drafting file for LRB 07-0002/P1

has been copied/added to the 2007 drafting file for

LRB 07-0823

 The attached 2007 draft was incorporated into the new 2007 draft listed above. For research purposes, this cover sheet and the attached drafting file were copied, and added, as a appendix, to the new 2007 drafting file. If introduced this section will be scanned and added, as a separate appendix, to the electronic drafting file folder.

 This cover sheet was added to rear of the original 2007 drafting file. The drafting file was then returned, intact, to its folder and filed.

2007 DRAFTING REQUEST

Bill

Received: **08/25/2006**

Received By: **rchampag**

Wanted: **As time permits**

Identical to LRB:

For: **Frederick Kessler (608) 266-5813**

By/Representing: **Sharon Little (aide)**

This file may be shown to any legislator: **NO**

Drafter: **agary**

May Contact:

Addl. Drafters:

Subject: **State Finance - investment board**

Extra Copies: **RAC**

Submit via email: **YES**

Requester's email: **Rep.Kessler@legis.wisconsin.gov**

Carbon copy (CC:) to: **aaron.gary@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Investment in Sudan

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							S&L
/P1	agary 09/06/2006	wjackson 09/16/2006	rschluet 09/18/2006		lparisi 09/18/2006		

FE Sent For:

<END>

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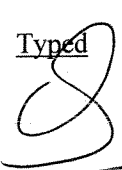
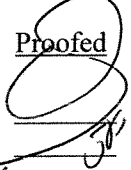
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/?	agary	/pl wly 9/16					
			9/18/6				

FE Sent For:

<END>

Gary, Aaron

From: Gary, Aaron
Sent: Monday, August 28, 2006 3:44 PM
To: Little, Sharon
Cc: Champagne, Rick
Subject: RE: RI Bill

Hi Sharon,

I will be the drafter on this bill for the '07 session. The draft number is 2007 LRB-0002 and I almost have the draft finished, so you should see it before too long. I did want to let you know that the same issue Rick flagged in his drafter's note to 2005 LRB-3810 is still present. I have prepared the draft as a "P1" and would be happy to discuss this further once you've had a chance to review it.

Aaron

Aaron R. Gary
Legislative Attorney
Legislative Reference Bureau
608.261.6926 (voice)
608.264.6948 (fax)
aaron.gary@legis.state.wi.us

From: Little, Sharon
Sent: Monday, June 05, 2006 4:29 PM
To: Champagne, Rick
Subject: FW: RI Bill

Hi Rick,

Rep. Kessler recently met with the state and national Action in Sudan leaders and agreed to have the attached RI bill drafted for WI. You drafted LRB 3810 for us this session but we didn't introduce it because of your drafter's note. Hopefully RI's example will work as a model for WI. Please let me know if you have any questions. Also, feel free to contact Mark Miller whose contact information is attached for information. Thanks.

Sharon

From: Mark Miller [mailto:rudya@earthlink.net]
Sent: Monday, June 05, 2006 4:06 PM
To: Rep.Kessler
Subject: RI Bill

Sharon,

Here is a copy of the RI targeted divestment bill which will serve as a model for the Wisconsin bill.

If you have any questions, please contact me, either at this email address or at 233-1341.

Thanks for your help.

08/28/2006

Mark Miller
Action in Sudan

08/28/2006

LC02928

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2006

A N A C T

RELATING TO PUBLIC FINANCE -- STATE INVESTMENT COMMISSION

Introduced By: Representatives Almeida, Ajello, Williams, Davey, and Slater

Date Introduced: April 06, 2006

Referred To: House Finance

It is enacted by the General Assembly as follows:

- 1 Section 1. Chapter 35-10 of the General Laws entitled "STATE INVESTMENT
2 COMMISSION " is hereby amended by adding thereto the following section:
- 3 **35-10-15. Investment in corporations doing business in Sudan.** -- (a) The assets of any
4 investment account, including pension, endowment, and annuity funds, under the jurisdiction of
5 the state investment commission and/or the state treasurer (the "fiduciaries") shall not be invested
6 in companies ("targeted companies") which either directly or through an affiliated instrumentality
7 meet the following criteria:
- 8 (1) Provide revenues to the Sudanese government through business with the government,
9 government-owned companies or government-controlled consortiums.
- 10 (2) Offer little substantive benefit to those outside of the Sudanese government or its
11 affiliated supporters in Khartoum, Northern Sudan and the Nile River Valley; this "outside"
12 population specifically includes the country's disaffected Eastern, Southern, and Western regions.
- 13 (3) Have either demonstrated complicity in the Darfur genocide or have not taken any
14 substantial action to halt the genocide. Substantial action shall include, but is not limited to,
15 curtailment of operations or public pressure on the Sudanese government. Simple company
16 statements shall not constitute evidence of substantial action.
- 17 (b) Companies providing military equipment, arms, or defense supplies to any domestic
18 party in Sudan, including the Sudanese government and rebels, shall automatically be targeted for
19 divestment. A strong presumption shall also be made against any company providing any

1 domestic party in Sudan with equipment that may be readily co-opted for military use, including
2 radar systems and military-grade transport vehicles, unless that company has implemented
3 safeguards against such co-option.

4 (c) Companies which, either directly or through an affiliated instrumentality, provide
5 services clearly dedicated to social development for the whole country shall be excluded from
6 divestment. Such entities include, but are not limited to, those providing medicine and medical
7 equipment, agricultural supplies and agricultural infrastructure, educational opportunities,
8 journalism-related activities and general consumer goods.

9 (d) The following types of investments shall be subject to divestment:

10 (1) Direct holdings of public equity, corporate bonds, and Sudanese government-issued
11 bonds.

12 (i) Direct investments shall be defined as holdings directly managed by the fiduciaries
13 mentioned in this ordinance and all holdings administered by a contracted manager in separately
14 managed accounts, including both actively-managed and passively-managed/indexed funds.

15 (2) Holdings of public equity, corporate bonds, and Sudanese-government-issued bonds
16 in commingled accounts that are passively-managed/indexed. Actively-managed, commingled
17 accounts, for both public equity and fixed-income investments, will be excluded from immediate
18 divestment. Such accounts are still covered under subsection (e) of this section.

19 (3) Private equity holdings with readily identifiable ties to Sudan.

20 (i) "Readily identifiable" is left to the good faith judgment of the fiduciaries mentioned in
21 this section.

22 (e) The state treasurer and board of investment commissioners shall submit letters to
23 contracted managers of actively-managed, commingled accounts requesting that the manager
24 consider creating an actively-managed, commingled account devoid of companies targeted as a
25 result of this section. In the event of such an introduction, the fiduciaries shall transfer all assets
26 in actively-managed, commingled accounts into the newly available, Sudan-free accounts in an
27 expedited timeframe still consistent with the fiduciaries' prudent investor obligations.

28 (f) The list of targeted companies shall be determined by submitting the criteria in
29 subsection (a) to a reputable and nonbiased third-party research firm, such as, but not limited to,
30 the institutional Shareholder Services, Inc. and KLD Research & Analysis. Such a list may
31 require modifications as circumstances in Sudan evolve.

32 (g) Research attained through the process outlined in subsection (f) must, when possible,
33 be supplemented by publicly available research, communication with potentially targeted
34 companies and communication with states and institutions that have already divested.

1 (h) Reasons for eliminating or adding a company from a preliminary list of identified
2 companies based on the process outlined in subsection (f) must be justified in writing and
3 supported by available research.

4 (i) The state treasurer and state investment commission shall take appropriate action to
5 sell, redeem, divest or withdraw any investment held in violation of this act.

6 (1) At least fifty percent (50%) of assets eligible for divestment under this section shall
7 be removed from the fiduciaries' assets under management by six (6) months after approval of
8 this act.

9 (2) One hundred percent (100%) of assets eligible for divestment under this section shall
10 be removed from the fiduciaries' assets under management within one year after approval of this
11 act.

12 (j) Prior to divestment from a targeted company, the fiduciaries shall notify the targeted
13 company of the impending decision and encourage the company to alter its current practices.

14 (k) The state treasurer shall file with the clerks of the house of representatives and of the
15 senate a report of all investments held as of the effective date of this section which are in
16 violation of this section. Annually thereafter, the state treasurer shall report on all investments
17 sold, redeemed, divested or withdrawn in compliance with this section.

18 (l) If it is determined by the state treasurer that a company, which had previously been
19 considered a targeted company, has ceased business operations with Sudan or its
20 instrumentalities, then subsections (h) and (k) shall no longer apply to that company.

21 (m) In the event that the government of Sudan sufficiently halts the ongoing genocide in
22 Darfur for at least twelve (12) months, as determined jointly by the state department and congress
23 of the United States, the provisions of this section shall expire.

24 (n) In the event that the United States revokes its current sanctions on Sudan, the
25 provisions of this section shall expire.

26 SECTION 2. This act shall take effect upon passage and nothing in this act shall alter or
27 diminish existing fiduciary or statutory obligations and other terms, conditions, and limitations on
28 the investment of retirement system assets for the exclusive interest and benefit of participants
29 and beneficiaries of a retirement system.

30

LC02928

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
AN ACT
RELATING TO PUBLIC FINANCE -- STATE INVESTMENT COMMISSION

1 This act provides that the assets of any investment account, including pension,
2 endowment, and annuity funds, under the jurisdiction of the state investment commission and/or
3 the state treasurer shall not be invested in companies ("targeted companies") which either directly
4 or through an affiliated instrumentality provide revenues to the Sudanese government through
5 business with the government, government-owned companies or government-controlled
6 consortiums.

7 This act would take effect upon passage and nothing in this act would alter or diminish
8 existing fiduciary or statutory obligations and other terms, conditions, and limitations on the
9 investment of retirement system assets for the exclusive interest and benefit of participants and
10 beneficiaries of a retirement system.

LC02928

Soon ✓

in 9/6

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

D-Note

Gen

- 1 AN ACT ...; relating to: prohibiting the Investment Board from making certain
- 2 investments relating to Sudan.

Analysis by the Legislative Reference Bureau

This bill generally prohibits the State of Wisconsin Investment Board (SWIB) from making certain investments related to Sudan. With certain exceptions, the bill prohibits SWIB from making future investments in, and requires SWIB to divest itself of prior investments in, any of the following:

1. Direct holdings or indirect holdings of equity of publicly held targeted companies.
2. Direct holdings or indirect holdings of corporate bonds of targeted companies.
3. Direct holdings or indirect holdings of Sudan debt.
4. Equity holdings of privately held companies that have readily identifiable ties to Sudan.

In the bill, targeted companies include companies that provide revenues to the government of Sudan through business with the government, companies that offer little substantive benefit to those outside the government of Sudan, companies that have either demonstrated complicity in the Darfur genocide or have not taken any substantial action to halt the genocide, and companies that provide military equipment, arms, or defense supplies in Sudan. SWIB, in determining whether a company is a targeted company subject to these restrictions, must initially contract for or otherwise obtain a list from a reputable and nonbiased third-party research firm of companies that meet the definition of a targeted company under the bill. If

possible, SWIB must supplement this list by using certain additional information. SWIB must modify the list as circumstances in Sudan evolve.

The bill requires SWIB to report to the legislature annually on its investments that are subject to the bill and its process of divestment.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 25.183 (4) of the statutes is created to read:

2 25.183 (4) INVESTMENTS RELATING TO SUDAN. (a) In this subsection:

3 1. "Direct holdings" means all holdings directly managed by the board and all
4 holdings of the board administered by an outside manager in separately managed
5 dedicated accounts, including actively managed funds, passively managed funds,
6 and index funds.

7 2. "Indirect holdings" means all holdings other than actively managed funds
8 of the board administered by an outside manager in separately managed
9 commingled accounts, including passively managed funds and index funds.

10 3. "Social development company" means any company that either directly or
11 through an affiliated instrumentality provides services clearly dedicated to social
12 development for the whole country, including any company that provides medicine
13 or medical equipment, agricultural supplies or agricultural infrastructure,
14 educational opportunities, journalism-related activities, or general consumer goods.

15 4. "Substantial action," when referring to a company, includes curtailment of
16 company operations in Sudan or the company's pursuit of public pressure on the
17 government of Sudan, but does not include mere company statements.

18 5. "Sudan debt" means bonds issued by the government of Sudan.

1 6. "Targeted company" means any company that either directly or through an
2 affiliated instrumentality meets any of the following criteria:

3 a. Provides revenues to the government of Sudan through business with the
4 government, government-owned companies, or government-controlled
5 consortiums.

6 b. Offers little substantive benefit to those outside the government of Sudan
7 or its affiliated supporters in Khartoum, Northern Sudan, the Nile River Valley, or
8 the disaffected Eastern, Southern, and Western regions of Sudan.

9 c. Has either demonstrated complicity in the Darfur genocide or has not taken
10 any substantial action to halt the genocide.

11 d. Provides military equipment, arms, or defense supplies to any domestic
12 party in Sudan, including the government of Sudan and rebels.

13 (b) Notwithstanding s. 25.15 (2), and except as provided in par. (f), on or after
14 the effective date of this paragraph ... [revisor inserts date], the board may not invest
15 any of the moneys in funds under its management in any of the following:

16 1. Direct holdings or indirect holdings of equity of publicly held targeted
17 companies.

18 2. Direct holdings or indirect holdings of corporate bonds of targeted
19 companies.

20 3. Direct holdings or indirect holdings of Sudan debt.

21 4. Equity holdings of privately held companies that, in the good faith judgment
22 of the board, have readily identifiable ties to Sudan.

23 (c) Notwithstanding s. 25.15 (2), and except as provided in par. (f), if the board,
24 prior to the effective date of this paragraph ... [revisor inserts date], invested any of
25 the moneys in funds under its management in any holding described in par. (b) 1. to

1 4., the board, in a prudent manner, shall sell, redeem, divest, or withdraw any such
2 investment in accordance with the following timetable:

3 1. Not less than 50 percent of such investments before the first day of the 7th
4 month beginning after the effective date of this subdivision [revisor inserts date].

5 2. The remainder of such investments before the first day of the 13th month
6 beginning after the effective date of this subdivision [revisor inserts date].

7 (d) In determining whether a company is a targeted company under this
8 subsection, the board shall initially contract for or otherwise obtain a list from a
9 reputable and nonbiased ^{3rd} ~~third~~-party research firm, such as Institutional
10 Shareholder Services, Inc., or KLD Research & Analytics, Inc., of companies that
11 meet the definition of a targeted company under this subsection. If possible, the
12 board shall supplement this list by using publicly available research and by
13 communicating with potentially targeted companies and with states and
14 institutions that have previously sold, redeemed, divested, or withdrawn
15 investments described in par. (b) 1. to 4. In determining whether a company is a
16 targeted company as described in par. (a) ^{6.} ~~(2)~~ d., the board shall make a strong
17 presumption that any company providing any domestic party in Sudan with
18 equipment that may be readily co-opted for military use, including radar systems
19 and military-grade transport vehicles, is a targeted company unless that company
20 has implemented safeguards against such co-option. The board shall modify the list
21 described in this paragraph as circumstances in Sudan evolve, but if the board
22 removes a company from or adds a company to the list described in this paragraph,
23 the board shall state in writing the reasons for the removal or addition, and such
24 reasons must be supported by available research.

1 (e) Prior to the sale, redemption, divestment, or withdrawal of an investment
2 from a targeted company under par. (c), the board shall notify the targeted company
3 of the impending sale, redemption, divestment, or withdrawal and encourage the
4 targeted company to alter any current practice that causes the board to be required
5 to sell, redeem, divest, or withdraw investments in the targeted company.

6 (f) 1. The requirements under pars. (b) and (c) shall not apply with respect to
7 any social development company.

8 2. If the board determines that a company that has previously been determined
9 to be a targeted company and is identified in the list described in par. (d) has ceased
10 business operations with Sudan or its instrumentalities, the board shall remove the
11 company from the list described in par. (d) and, thereafter, the requirements under
12 pars. (b), (c), (d), and (i) shall not apply with respect to that company.

13 (g) With respect to holdings of the board of equity of publicly held targeted
14 companies and of corporate bonds of targeted companies that are administered by
15 an outside manager in separately managed commingled accounts that are
16 actively managed funds, although pars. (b) and (c) do not apply to such investments,
17 the board shall send a letter to any such outside manager requesting that the outside
18 manager consider creating an investment option devoid of targeted companies. If the
19 manager creates such an investment option, the board shall transfer into this new
20 investment option, in an expedited timeframe, all moneys in actively managed,
21 commingled accounts administered by this outside manager, if such a transfer is
22 consistent with the standard of responsibility under s. 25.15 (2).

23 (h) The provisions of this subsection shall not apply if any of the following occur:

1. The government of Sudan sufficiently halts the ongoing genocide in Darfur for at least ¹²~~twelve~~ months, as determined jointly by the federal department of state and the U.S. congress.

4 2. The United States revokes its sanctions on Sudan.

5 (i) Not later than the first day of the 2nd month beginning after publication ...
6 [revisor inserts date], and annually thereafter, the board shall report to the
7 legislature in the manner provided under s. 13.172 (2) on its investments described
8 in par. (c) and on any sale, redemption, divestment, or withdrawal of such
9 investments in the period since any prior report was submitted under this
10 paragraph.

11 **SECTION 2. Effective date.**

12 (1) This act takes effect on the 16th day after publication.

13 **(END)**

D-Note ✓

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0002/P1dn

ARG: f:...

Wlj

Representative Kessler:

Please review the attached draft carefully to ensure that it is consistent with your intent.

As requested, the attached draft is based upon legislation introduced in Rhode Island. I find the Rhode Island legislation quite confusing. I have attempted in the attached draft to reorganize and clarify the provisions of the Rhode Island legislation, as well as tailor it to the Wisconsin statutes, without omitting the substance of that legislation. However, I believe the attached draft is still confusing in places and might be improved with additional modifications. I also note that at least three states (Illinois, New Jersey, and Oregon) have enacted Sudan divestment legislation that seems more straightforward than that offered in Rhode Island. See 15 IL 520/22.5 and 22.6 and 40 IL 5/1-110.5; NJ s. 52:18A-89.9, ORS 293.812 to 293.817.

Existing federal economic sanctions against Sudan (The Sudanese Sanctions Regulations, 31 C.F.R. Part 538, which implement Executive Order 13067) apply to commercial and financial activity in Sudan and with the Sudanese government. A copy of these economic sanctions can be found at http://www.access.gpo.gov/nara/cfr/waisidx_04/31cfr538_04.html. In *Crosby v. National Foreign Trade Council*, 530 U.S. 363, 120 S.Ct. 2288 (2000), the United States Supreme Court held that a Massachusetts law restricting the authority of state agencies to purchase goods or services from companies doing business with Burma was invalid under the Supremacy Clause of the federal constitution. However, in *Board of Trustees v. Mayor and City Council of Baltimore*, 317 Md. 72, 562 A.2d 720 (Md.Ct.App. 1989), cert. denied 493 U.S. 1093 (1990), the Court of Appeals of Maryland found that a Baltimore city ordinance requiring the city employee pension systems to divest their holdings in companies doing business in South Africa was valid, despite challenges on numerous legal grounds including the federal Supremacy Clause. While the Supreme Court in *Crosby* made clear that it was not addressing the issue of divestment of public funds in a foreign country, and deliberately left uncertainty about the continuing vitality of such cases as *Mayor and City Council of Baltimore*, the Supreme Court decision in *Crosby*, combined with the arguments and reasoning in the underlying affirmed federal Circuit Court decision (*National Foreign Trade Council v. Natsios*, 181 F.3d 38 (1st Cir. 1999)), leaves significant doubt about the future vitality of *Mayor and City Council of Baltimore*. Based upon these cases, it is entirely unclear whether the

provisions of this bill would be found valid and enforceable if challenged in court, regardless of whether the focus of the bill is investment directly in the country of Sudan or in "targeted companies" that do business in Sudan.

Please let me know if you would like any changes made to the attached draft or if you have any questions. If the attached draft meets with your approval, let me know and I will convert it to an introducible "1" draft.

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Legislative Attorney
Phone: (608) 261-6926
E-mail: aaron.gary@legis.state.wi.us

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FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0002/P1dn
ARG:wlj:rs

September 18, 2006

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Aaron R. Gary
Legislative Attorney
Phone: (608) 261-6926
E-mail: aaron.gary@legis.state.wi.us



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-0002/P1
ARG:wlj:rs

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

- 1 AN ACT *to create* 25.183 (4) of the statutes; **relating to:** prohibiting the
2 Investment Board from making certain investments relating to Sudan.

Analysis by the Legislative Reference Bureau

This bill generally prohibits the State of Wisconsin Investment Board (SWIB) from making certain investments related to Sudan. With certain exceptions, the bill prohibits SWIB from making future investments in, and requires SWIB to divest itself of prior investments in, any of the following:

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3. Direct holdings or indirect holdings of Sudan debt.
4. Equity holdings of privately held companies that have readily identifiable ties to Sudan.

In the bill, targeted companies include companies that provide revenues to the government of Sudan through business with the government, companies that offer little substantive benefit to those outside the government of Sudan, companies that have either demonstrated complicity in the Darfur genocide or have not taken any substantial action to halt the genocide, and companies that provide military equipment, arms, or defense supplies in Sudan. SWIB, in determining whether a company is a targeted company subject to these restrictions, must initially contract for or otherwise obtain a list from a reputable and nonbiased third-party research firm of companies that meet the definition of a targeted company under the bill. If

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6 and index funds.

7 2. "Indirect holdings" means all holdings other than actively managed funds
8 of the board administered by an outside manager in separately managed
9 commingled accounts, including passively managed funds and index funds.

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1 6. "Targeted company" means any company that either directly or through an
2 affiliated instrumentality meets any of the following criteria:

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6 b. Offers little substantive benefit to those outside the government of Sudan
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8 the disaffected Eastern, Southern, and Western regions of Sudan.

9 c. Has either demonstrated complicity in the Darfur genocide or has not taken
10 any substantial action to halt the genocide.

11 d. Provides military equipment, arms, or defense supplies to any domestic
12 party in Sudan, including the government of Sudan and rebels.

13 (b) Notwithstanding s. 25.15 (2), and except as provided in par. (f), on or after
14 the effective date of this paragraph [revisor inserts date], the board may not invest
15 any of the moneys in funds under its management in any of the following:

16 1. Direct holdings or indirect holdings of equity of publicly held targeted
17 companies

18 2. Direct holdings or indirect holdings of corporate bonds of targeted
19 companies.

20 3. Direct holdings or indirect holdings of Sudan debt.

21 4. Equity holdings of privately held companies that, in the good faith judgment
22 of the board, have readily identifiable ties to Sudan.

23 (c) Notwithstanding s. 25.15 (2), and except as provided in par. (f), if the board,
24 prior to the effective date of this paragraph [revisor inserts date], invested any of
25 the moneys in funds under its management in any holding described in par. (b) 1. to

1 4., the board, in a prudent manner, shall sell, redeem, divest, or withdraw any such
2 investment in accordance with the following timetable:

3 1. Not less than 50 percent of such investments before the first day of the 7th
4 month beginning after the effective date of this subdivision [revisor inserts date].

5 2. The remainder of such investments before the first day of the 13th month
6 beginning after the effective date of this subdivision [revisor inserts date].

7 (d) In determining whether a company is a targeted company under this
8 subsection, the board shall initially contract for or otherwise obtain a list from a
9 reputable and nonbiased 3-party research firm, such as Institutional Shareholder
10 Services, Inc., or KLD Research & Analytics, Inc., of companies that meet the
11 definition of a targeted company under this subsection. If possible, the board shall
12 supplement this list by using publicly available research and by communicating with
13 potentially targeted companies and with states and institutions that have previously
14 sold, redeemed, divested, or withdrawn investments described in par. (b) 1. to 4. In
15 determining whether a company is a targeted company as described in par. (a) 6. d.,
16 the board shall make a strong presumption that any company providing any
17 domestic party in Sudan with equipment that may be readily co-opted for military
18 use, including radar systems and military-grade transport vehicles, is a targeted
19 company unless that company has implemented safeguards against such co-option.
20 The board shall modify the list described in this paragraph as circumstances in
21 Sudan evolve, but if the board removes a company from or adds a company to the list
22 described in this paragraph, the board shall state in writing the reasons for the
23 removal or addition, and such reasons must be supported by available research.

24 (e) Prior to the sale, redemption, divestment, or withdrawal of an investment
25 from a targeted company under par. (c), the board shall notify the targeted company

1 of the impending sale, redemption, divestment, or withdrawal and encourage the
2 targeted company to alter any current practice that causes the board to be required
3 to sell, redeem, divest, or withdraw investments in the targeted company.

4 (f) 1. The requirements under pars. (b) and (c) shall not apply with respect to
5 any social development company.

6 2. If the board determines that a company that has previously been determined
7 to be a targeted company and is identified in the list described in par. (d) has ceased
8 business operations with Sudan or its instrumentalities, the board shall remove the
9 company from the list described in par. (d) and, thereafter, the requirements under
10 pars. (b), (c), (d), and (i) shall not apply with respect to that company.

11 (g) With respect to holdings of the board of equity of publicly held targeted
12 companies and of corporate bonds of targeted companies that are administered by
13 an outside manager in separately managed commingled accounts that are actively
14 managed funds, although pars. (b) and (c) do not apply to such investments, the
15 board shall send a letter to any such outside manager requesting that the outside
16 manager consider creating an investment option devoid of targeted companies. If the
17 manager creates such an investment option, the board shall transfer into this new
18 investment option, in an expedited timeframe, all moneys in actively managed,
19 commingled accounts administered by this outside manager, if such a transfer is
20 consistent with the standard of responsibility under s. 25.15 (2).

21 (h) The provisions of this subsection shall not apply if any of the following occur:

22 1. The government of Sudan sufficiently halts the ongoing genocide in Darfur
23 for at least 12 months, as determined jointly by the federal department of state and
24 the U.S. Congress.

25 2. The United States revokes its sanctions on Sudan.

(i) Not later than the first day of the 2nd month beginning after publication
[revisor inserts date], and annually thereafter, the board shall report to the
legislature in the manner provided under s. 13.172 (2) on its investments described
in par. (c) and on any sale, redemption, divestment, or withdrawal of such
investments in the period since any prior report was submitted under this
paragraph.

7 **SECTION 2. Effective date.**

8 (1) This act takes effect on the 16th day after publication.

9 (END)